

CITY OF MAPLETON, IOWA  
INDEPENDENT AUDITORS' REPORT  
BASIC FINANCIAL STATEMENTS  
SUPPLEMENTAL INFORMATION AND  
SCHEDULE OF FINDINGS AND  
QUESTIONED COSTS

JUNE 30, 2007

CITY OF MAPLETON, IOWA  
JUNE 30, 2007  
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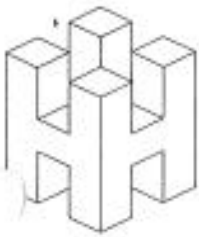
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CITY OF MAPLETON

CITY OFFICIALS

Fred Standa	Mayor	Jan 2008
Jerry Bumstead	Council Member	Jan 2008
Robert Schulz	Council Member	Jan 2008
Dian Bleil	Mayor Pro tem	Jan 2010
Roger Krohn	Council Member	Jan 2010
Becky Nichols	Council Member	Jan 2008
Mavis Skow	Clerk/Treasurer	Annual
Glenn A. Metcalf	Attorney	Annual

CITY OF MAPLETON



HENJES, CONNER &  
WILLIAMS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

800 FRANCES BUILDING  
505 FIFTH STREET  
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SIOUX CITY, IOWA 51102

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and  
Members of the City Council  
City of Mapleton, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, and each individual fund of the CITY OF MAPLETON, IOWA, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Mapleton's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, and each individual fund of the City of Mapleton, Iowa, as of June 30, 2007, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated May 23, 2008, on our consideration of the City of Mapleton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 8 and 18 through 23 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mapleton's basic financial statements. The financial statements for the three years ended June 30, 2006, (which are not presented herein) were previously audited by other auditors, who expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 4, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Henjes, Conner + Williams, P.C.*  
Certified Public Accountants

Sioux City, Iowa  
May 23, 2008

CITY OF MAPLETON, IOWA  
Management's Discussion and Analysis (MD&A)  
For the Year Ended June 30, 2007

The City of Mapleton provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the City of Mapleton's financial statements, which follow.

**Financial Highlights**

- Receipts of the City's governmental activities increased 10.35% or approximately \$113,000, from fiscal year 2006 to fiscal year 2007. There were increases in charges for services of approximately \$57,000 and land sale of \$75,000 while property tax receipts decreased approximately \$36,000.
- Disbursements of the City's governmental activities decreased 1.76% or approximately \$24,000 in fiscal year 2007 from fiscal year 2006. Public Works and Debt Service increased by approximately \$102,000 and \$1,000, respectively. Public Safety, Culture and Recreation, Community and Economic Development, and General Government disbursements decreased by approximately \$25,000, \$36,000, \$30,000 and \$36,000, respectively.
- The City's total cash basis net assets decreased by approximately \$150,000 from June 30, 2006 to June 30, 2007. The assets of the governmental activities decreased approximately \$28,000 and assets of the business type activities decreased by approximately \$122,000.

**Using This Annual Report**

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the individual funds.

The Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides additional information about the City's finances.

**Basis of Accounting**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **Reporting the City's Financial Activities**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government and debt service. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the electric, water and the sanitary sewer system. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

1. Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: (1) the general fund, (2) the special revenue funds such as road use tax, local options sales tax, employee benefits, and urban renewal tax increments, and (3) the debt service fund. The governmental fund financial statements provide a detailed, short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements, and changes in cash balances.

2. Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the electric, water and sewer funds, considered to be major funds of the City.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

## **Government-Wide Financial Analysis**

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, from a deficit of \$257,773 to a deficit of \$286,051. The analysis that follows focuses on the changes in cash balances for governmental activities.



# Changes in Cash Basis Net Assets of Governmental Activities

	Year Ended June 30, 2007	Year Ended June 30, 2006
Receipts and Transfers:		
Program Receipts:		
Charges for Service .....	\$ 282,011	\$ 224,437
Operating Grants, Contributions and Restricted Interest .....	369,655	352,593
General Receipts:		
Property Tax .....	291,149	328,520
Local Option Sales Tax .....	65,601	71,224
Unrestricted Investment Earnings .....	8,598	6,395
Sale of Land .....	82,201	
Other General Receipts .....	106,315	109,251
Transfers, Net .....	<u>87,160</u>	<u>138,820</u>
Total Receipts and Transfers .....	1,292,690	1,231,240
Disbursements:		
Public Safety .....	347,813	372,392
Public Works .....	560,598	458,087
Culture and Recreation .....	220,965	256,750
Community and Economic Development .....	64,160	93,451
General Government .....	100,900	136,120
Debt Service .....	<u>26,532</u>	<u>27,787</u>
Total Disbursements .....	<u>1,320,968</u>	<u>1,344,587</u>
Increase (Decrease) in Cash Basis Net Assets .....	( 28,278)	( 113,347)
Cash Basis Net Assets Beginning of Year .....	( 257,773)	( 144,426)
Cash Basis Net Assets (Deficit) End of Year .....	<u>\$ ( 286,051)</u>	<u>\$ ( 257,773)</u>

The City's total receipts for governmental activities increased by 4.99%, or approximately \$61,000. The total cost of all programs and services decreased by approximately \$24,000 or 1.76% with no new programs added this year.

The cost of all governmental activities this year was approximately \$1,321,000 compared to approximately \$1,345,000 last year. However, as shown in the Statement of Activities and Net Assets on pages 9 through 10, the amount taxpayers ultimately financed for these activities was approximately \$803,000 because some of the costs were paid by those directly benefited from the programs (\$282,011) or by other governments and organizations that subsidized certain programs with grants (\$236,033) contributions and restricted interest. Overall, the City's governmental activities receipts including intergovernmental aid and fees for service, increased in 2007 from approximately \$466,000 to approximately \$518,000. The City paid for the remaining "public benefit" portion of governmental activities with approximately \$803,000 in tax (some of which could only be used for certain programs) and with other receipts, such as interest, general entitlements and transfers from Proprietary Type Funds.

# Changes in Cash Basis Net Assets of Business Type Activities

	Year Ended June 30, 2007	Year Ended June 30, 2006
Receipts:		
Program Receipts:		
Charges for Service:		
Electric .....	\$ 837,181	\$ 840,832
Water .....	193,636	196,809
Sewer .....	108,010	110,634
General Receipts:		
Unrestricted Interest on Investments .....	34,678	18,308
Receipts from WIMECA .....	26,657	79,346
Receipts from Mapleton Communications .....	125,000	100,000
Loan Proceeds from Iowa Finance Authority .....	312,000	-
Other General Receipts .....	<u>46,103</u>	<u>50,227</u>
Total Receipts .....	1,683,265	1,396,156
Disbursements and Transfers:		
Electric .....	1,001,368	856,478
Water .....	237,661	177,868
Sewer .....	462,846	92,508
Debt Service .....	16,893	-
Transfers .....	<u>87,160</u>	<u>138,820</u>
Total Disbursements and Transfers .....	<u>1,805,928</u>	<u>1,265,674</u>
Increase (Decrease) in Cash Balance .....	( 122,663)	130,482
Cash Basis Net Assets Beginning of Year .....	<u>1,570,163</u>	<u>1,439,681</u>
Cash Basis Net Assets End of Year .....	<u>\$ 1,447,500</u>	<u>\$ 1,570,163</u>

Total business type activities receipts for the fiscal year were approximately \$1,683,000 compared to approximately \$1,396,000 last year. This increase was due primarily to the receipt of a loan from Iowa Finance Authority of \$312,000. The cash balance decreased by approximately \$123,000 from the prior year. Total disbursements and transfers for the fiscal year increased 42.69% or approximately \$540,000 to a total of \$1,805,928. The increase was due to expenditures for the sewer treatment plant of approximately \$307,000, \$17,000 in debt service and the balance due to increase in operating costs.

## Individual Major Governmental Fund Analysis

As the City of Mapleton completed the year, its governmental funds reported a combined fund deficit of \$286,051, a decrease of \$28,278 below last year's total deficit of \$257,773. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance decreased \$74,749 from the prior year to a deficit of \$585,897. This decrease was due to an increase in general government disbursements.
- The Road Use Tax Fund cash balance decreased by \$1,538 to a deficit of \$33,486 during the fiscal year.
- The Urban Renewal Tax Increment Fund cash balance increased \$22,663 from the prior year to a deficit of \$12,720.

- The Water Fund cash balance decreased by \$38,620 to \$362,065, due primarily to increases in operating costs.
- The Electric Fund cash balance decreased by \$28,591 to \$723,278 due primarily to \$26,657 received from WIMECA for patronage dividends compared to \$79,346 received in the prior year along with increased operating costs.
- The Sewer Fund cash balance decreased by \$55,452 to \$362,157, due primarily to increases in operating costs.

#### **Budgetary Highlights**

The fiscal year 2007 budget for the general fund was \$751,971 with the following functional variances:

Public Safety	\$ 48,740
Public Works	252,024
Culture and Recreation	6,824
Community and Economic Development	60,560
General Government	56,490

The variances were due to several expenditures including major work on the airport, which was paid for in part, by a grant from the Federal Aviation Administration. Also, due to the retirement of the city clerk, the hiring and termination of another city clerk and the hiring of another clerk, the budget wasn't amended for the additional expenditures.

#### **Debt Administration**

At June 30, 2007, the City had approximately \$90,000 in bonds and other long-term debt, compared to approximately \$110,000 last year as shown below:

	Outstanding Debt at Year End	
	Year Ended June 30, 2007	Year Ended June 30, 2006
Urban Renewal Tax Increment		
Capital Notes.....	\$ 90,000	\$ 110,000

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$90,000 is significantly below its constitutional debt limit of approximately \$2,000,000.

#### **Economic Factors**

The City of Mapleton elected and appointed officials continue to work hard to maintain a positive approach to growth and development.

#### **Contacting City of Mapleton's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, or need additional information, contact Karla Uhl, City Clerk, 513 Main Street, Mapleton, Iowa 51034.

BASIC FINANCIAL STATEMENTS

**CITY OF MAPLETON, IOWA**  
**STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS**  
**OF AND FOR THE YEAR ENDED JUNE 30, 2007**

Functions/Programs	Disbursements	Charges for Services	Program Receipts
			Operating Grants Contributions and Other Program Revenues
<b>Primary Government:</b>			
Governmental Activities:			
Public Safety	\$ 347,813	\$ 103,213	\$ 14,463
Public Works	560,598	140,848	112,689
Culture and Recreation	220,965	27,838	6,622
Community and Economic Development	64,160	10,112	-
General Government	100,900		2,355
Debt Service	26,532		-
Total Governmental Activities	<u>1,320,968</u>	<u>262,011</u>	<u>136,129</u>
<b>Business-Type Activities:</b>			
Electric System	1,001,368	837,181	
Water System	237,661	193,636	
Sewer System	462,846	108,010	
Total Business-Type Activities:	<u>1,701,875</u>	<u>1,138,827</u>	<u>-</u>
<b>Total</b>	<u>\$ 3,022,843</u>	<u>\$ 1,420,838</u>	<u>\$ 136,129</u>

**General Receipts:**  
 Property Tax Levied For:  
   General Purposes  
   Tax Increment Financing  
 Local Option Sales Tax  
 Interest  
 Contributions  
 Sale of Land  
 Payment in Lieu of Taxes  
 Miscellaneous  
 Proceeds From Note  
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 Net Assets - Beginning  
 Net Assets - Ending

See Accompanying Notes to Financial Statements

## Exhibit A

Net (Disbursements) Receipts and Changes in Net Assets			
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 233,526	\$ (230,137)		\$ (230,137)
	(73,535)		(73,535)
	(186,505)		(186,505)
	(54,048)		(54,048)
	(98,545)		(98,545)
	(26,532)		(26,532)
<u>233,526</u>	<u>(669,302)</u>		<u>(669,302)</u>
		\$ (164,187)	(164,187)
		(44,025)	(44,025)
		(354,836)	(354,836)
		<u>(563,048)</u>	<u>(563,048)</u>
<u>\$ 233,526</u>	<u>(669,302)</u>	<u>(563,048)</u>	<u>(1,232,350)</u>
	273,651		273,651
	17,498		17,498
	65,601		65,601
	8,598	34,678	43,276
	310		310
	82,201		82,201
	69,544		69,544
	36,461	180,867	217,328
		312,000	312,000
	87,160	(87,160)	
	<u>641,024</u>	<u>440,385</u>	<u>1,081,409</u>
	(28,278)	(122,863)	(150,941)
	(257,773)	1,570,163	1,312,390
	<u>\$ (286,051)</u>	<u>\$ 1,447,500</u>	<u>\$ 1,161,449</u>

**CITY OF MAPLETON, IOWA**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES**  
**GOVERNMENTAL FUNDS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2007**

		Special Revenue	
		Tax	Road Use
	General	Increment	Tax
		Financing	
<b>Receipts:</b>			
Property Tax	\$ 219,243		
Other City Taxes	709		
Tax Increment Financing Collections		\$ 17,498	
Licenses and Permits	1,347		
Intergovernmental Revenue	256,966		\$ 112,689
Charges for Services	261,268		
Fines and Forfeits	7,631		
Contributions	310		
Refunds/Reimbursements	7,512		
Sale of Land	82,201		
Interest	8,598		
Payment in Lieu of Taxes	69,544		
Miscellaneous	31,949	8,765	-
Total Receipts	<u>947,278</u>	<u>26,263</u>	<u>112,689</u>
<b>Disbursements:</b>			
Operating:			
Public Safety	347,813		
Public Works	446,371		114,227
Culture and Recreation	220,965		
Community and Economic Development	60,560	3,600	
General Government	100,900		
Debt Service			
Principal Retirements			
Interest			
Total Disbursements	<u>1,176,609</u>	<u>3,600</u>	<u>114,227</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(229,331)</u>	<u>22,663</u>	<u>(1,538)</u>
Other Financing Sources (Uses):			
Operating Transfers In	154,582		
Operating Transfers Out		-	
Total Other Financing Sources (Uses)	<u>154,582</u>	<u>-</u>	<u>-</u>
Net Change in Cash Balances	(74,749)	22,663	(1,538)
Cash Balances (Deficit) Beginning of Year	(511,148)	(35,383)	(31,948)
Cash Balances (Deficit) End of Year	<u>\$ (585,897)</u>	<u>\$ (12,720)</u>	<u>\$ (33,486)</u>

See Accompanying Notes to Financial Statements

Special Revenue			Total Governmental Funds
Local Option Sales Tax	Employee Benefits	Debt Service	
\$ 65,601	\$ 27,975 86	\$ 25,557 81	\$ 272,775 66,477 17,498 1,347 369,655 261,268 7,631 310 7,512 82,201 8,598 69,544 40,714
65,601	28,061	25,638	1,205,530
			347,813 560,598 220,965 64,160 100,900
		20,000 6,532	20,000 6,532
-	-	26,532	1,320,968
65,601	28,061	(894)	(115,438)
		-	154,582
(39,361)	(28,061)	-	(67,422)
(39,361)	\$ (28,061)	-	87,160
26,240		(894)	(28,276)
311,379		9,327	(257,773)
\$ 337,619		\$ 8,433	\$ (266,051)



**CITY OF MAPLETON, IOWA**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES**  
**PROPRIETARY FUNDS**  
**OF AND FOR THE YEAR ENDED JUNE 30, 2007**

	<b>Business Type Activities</b>			
	<b>Electric System</b>	<b>Water System</b>	<b>Sewer System</b>	<b>Total</b>
<b>Operating Receipts:</b>				
Charges for Services	\$ 837,181	\$ 193,636	\$ 108,010	\$ 1,138,827
Total Operating Revenue	837,181	193,636	108,010	1,138,827
<b>Operating Disbursements:</b>				
Business Type Activities	1,001,368	237,661	462,846	1,701,875
(Deficiency) of Operating Receipts (Under) Operating Disbursements	(164,187)	(44,025)	(354,836)	(563,048)
<b>Non-Operating Receipts (Disbursements):</b>				
Interest on Investments	26,124	4,277	4,277	34,678
Sale of Merchandise	172			172
Patronage Dividend - WIMECA	26,657			26,657
Distribution - Mapleton Communications	125,000			125,000
Other Non-operating Revenues	44,803	1,128		45,931
Loan Proceeds-Iowa Finance Authority			312,000	312,000
Debt Service			(16,893)	(16,893)
Total Non-Operating Receipts (Disbursements):	222,756	5,405	299,384	527,545
Excess (Deficiency) of Receipts Over (Under) Operating Disbursements	58,569	(38,620)	(55,452)	(35,503)
Operating Transfers (Out)	(87,160)			(87,160)
Net Change in Cash Balances	(28,591)	(38,620)	(55,452)	(122,663)
Cash Balances - Beginning of Year	751,869	400,685	417,609	1,570,163
Cash Balances - End of Year	\$ 723,278	\$ 362,065	\$ 362,157	\$ 1,447,500

See Accompanying Notes to Financial Statements

CITY OF MAPLETON, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Mapleton is a political subdivision of the State of Iowa located in Monona County. It was first incorporated in 1878 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture, recreation, community and economic development, and general government services. The City also provides water, electric, and sewer utilities for its citizens.

**A. Reporting Entity**

For financial reporting purposes, the City of Mapleton has included all funds, organizations, agencies, boards, commissions, and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods and services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Monona County Assessor's Conference Board, Monona County Emergency Management Commission, Monona County Landfill Commission and Monona County Joint E911 Service Board.

**B. Basis of Presentation**

Government-wide Financial Statements

The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operation or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The City had no nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

CITY OF MAPLETON, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Special Revenue:**

The Road Use Tax Fund is used to account for road construction and maintenance.

The Tax Increment Financing Fund is used to account for urban renewal projects and economic development financed by tax increment financing.

The Local Option Sales Tax Fund is used to account for the monies received from local option sales tax.

The Employee Benefits Fund is used to account for the employee taxes received specifically for employee benefits.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

The City reports the following major proprietary funds:

The Electric Fund accounts for the operation and maintenance of the City's electric system.

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's sewer system.

**C. Measurement Focus and Basis of Accounting**

The City of Mapleton maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U. S. generally accepted accounting principles.

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

**D. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements exceeded the amounts budgeted in the public safety, public works, culture and recreation, community and economic development, general government functions and business type activities.

**Note 2 - CASH AND POOLED INVESTMENTS**

The City's deposits in banks at June 30, 2007 were entirely covered by Federal Depository Insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

CITY OF MAPLETON, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

**Note 2 - CASH AND POOLED INVESTMENTS (Cont.)**

The City's investments are categorized to give an indication of the level of risk assumed by the City at year end. The City's investments are all Category 1, which means the investments are insured or registered or the securities are held by the City or its agent in the City's Name.

The City's investments at June 30, 2007 were all in certificates of deposit.

**Note 3 - BONDS AND NOTES PAYABLE**

Annual Debt service requirements to maturity for the urban renewal tax increment financing (TIF) capital notes and the Iowa Finance Authority sewer revenue capital notes are as follows:

Year Ending June 30,	Urban Renewal Tax Increment Financing (TIF) Capital Notes		Iowa Finance Authority Sewer Revenue Capital Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 20,000	\$ 5,295	\$ 12,000	\$ 9,000	\$ 32,000	\$ 14,295
2009	20,000	4,050	12,000	8,640	32,000	12,690
2010	20,000	2,803	13,000	8,280	33,000	11,083
2011	20,000	1,558	13,000	7,890	33,000	9,448
2012	10,000	311	13,000	7,500	23,000	7,811
2013-2017			74,000	31,260	74,000	31,260
2018-2022			85,000	19,530	85,000	19,530
2023-2026			76,000	5,910	76,000	5,910
Total	<u>\$ 90,000</u>	<u>\$14,017</u>	<u>\$300,000</u>	<u>\$98,010</u>	<u>\$390,000</u>	<u>\$112,027</u>

The urban renewal tax increment financing (TIF) capital notes were issued for the purpose of defraying a portion of the costs of carrying out urban renewal projects of the City. The notes are payable solely from the income and proceeds of the Tax Increment Financing Fund and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The proceeds of the tax increment financing capital notes were expended only for the purposes which were consistent with the plans of the city's urban renewal area. The notes are not a general obligation of the City; however the debt is subject to the constitutional debt limitation of the City.

The Iowa Finance Authority sewer revenue capital notes were issued for the purpose of financing the cost of the sewer project. The notes are payable from the sewer fund revenues. The notes are not a general obligation of the City.

**Note 4 - PENSION AND RETIREMENT BENEFITS**

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 6.08% and 9.12%, respectively. For the year ended June 30, 2007, the contribution rates for police employees and the City were 6.08% and 9.12%, respectively, and for the year ended June 30, 2006, the contribution rates for police employees and the City were 5.75% and 9.23%, respectively. Contribution requirements are established by State Statute. The City's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$33,353, \$32,492, and \$29,475, respectively, equal to the required contributions for each year.

CITY OF MAPLETON, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

**Note 5 - COMPENSATED ABSENCES**

The City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payments to employees at June 30, 2007, is \$21,456.

This liability has been computed based on rates of pay in effect at June 30, 2007.

**Note 6 - INTERFUND TRANSFERS**

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales Tax	\$ 39,361
	Employee Benefit	28,061
	Enterprise:	
	Electric	<u>87,160</u>
Total		<u>\$ 154,582</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

**Note 7 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; thefts, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Note 8 - DEFICIT FUND BALANCE**

The General Fund, Tax Increment Financing Fund, and Road Use Tax Fund had deficit balances of \$585,897 \$12,720 and \$33,486, respectively at June 30, 2007. The deficits will be eliminated from future property and road use tax receipts.

**Note 9 - CONTINGENCIES**

The City is currently involved in several legal matters which are being defended and handled in the ordinary course of business. The liability, if any, associated with these matters is not determinable as of the date of these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

**CITY OF MAPLETON, IOWA**  
**BUDGETARY COMPARISON SCHEDULE**  
**OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -**  
**BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	Governmental Funds Actual	Proprietary Funds Actual	Total
<b>Receipts:</b>			
Property Tax	\$ 272,775		\$ 272,775
Other City Taxes	66,477		66,477
Tax Increment Financing Collections	17,498		17,498
Licenses and Permits	1,347		1,347
Intergovernmental Revenue	369,655		369,655
Charges for Services	261,268	\$ 1,138,827	1,400,095
Fines and Forfeits	7,631		7,631
Contributions	310		310
Refunds/Reimbursements	7,512		7,512
Proceeds from Sale of Land	82,201		82,201
Interest	8,598	34,678	43,276
Payment in Lieu of Taxes	69,544		69,544
Miscellaneous	40,714	492,867	533,581
Total Revenue	<u>1,205,530</u>	<u>1,666,372</u>	<u>2,871,902</u>
<b>Disbursements:</b>			
Operating:			
Public Safety	347,813		347,813
Public Works	560,598		560,598
Culture and Recreation	220,965		220,965
Community and Economic Development	64,160		64,160
General Government	100,900		100,900
Principal Retirements	20,000		20,000
Interest	6,532		6,532
Business Type Activities		1,701,875	1,701,875
Total Disbursements	<u>1,320,968</u>	<u>1,701,875</u>	<u>3,022,843</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(115,438)</u>	<u>(35,503)</u>	<u>(150,941)</u>
<b>Other Financing Sources (Uses):</b>			
Interfund Transfers In	154,582		154,582
Interfund Transfers (Out)	(67,422)	(87,160)	(154,582)
Total Other Financing Sources (Uses)	<u>87,160</u>	<u>(87,160)</u>	<u>-</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing (Uses)	<u>(28,278)</u>	<u>(122,663)</u>	<u>(150,941)</u>
Cash Balances (Deficit)- Beginning of Year	<u>(257,773)</u>	<u>1,570,163</u>	<u>1,312,390</u>
Cash Balances (Deficit) - End of Year	<u>\$ (286,051)</u>	<u>\$ 1,447,500</u>	<u>\$ 1,161,449</u>

See Accompanying Independent Auditors' Report



Budgeted Amounts		Final To	
Original	Final	Net	Variance
\$ 272,346	\$ 272,346	\$ 429	
43,384	43,384	23,093	
26,542	26,542	(9,044)	
1,225	1,225	122	
145,923	145,923	223,732	
1,600,000	1,600,000	(199,905)	
		7,631	
		310	
		7,512	
		82,201	
600	600	42,678	
		69,544	
14,340	14,340	519,241	
<u>2,104,360</u>	<u>2,104,360</u>	<u>767,542</u>	
299,073	299,073	48,740	
302,347	302,347	258,251	
214,141	214,141	6,824	
		64,160	
44,410	44,410	56,490	
20,000	20,000	-	
6,542	6,542	(10)	
1,184,052	1,184,052	517,823	
<u>2,070,565</u>	<u>2,070,565</u>	<u>952,278</u>	
33,795	33,795	(184,736)	
152,542	152,542	2,040	
<u>(152,542)</u>	<u>(152,542)</u>	<u>(2,040)</u>	
-	-	-	
33,795	33,795	(184,736)	
<u>1,006,960</u>	<u>1,006,960</u>	<u>305,430</u>	
\$ 1,040,755	\$ 1,040,755	\$ 120,694	



CITY OF MAPLETON, IOWA  
BUDGETARY COMPARISON SCHEDULE  
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL (CASH BASIS) - GENERAL FUND AND ALL MAJOR SPECIAL REVENUE FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2007

	General Fund	Budgeted Amounts		Final To Net Variance
		Original	Final	
<b>Receipts:</b>				
Property Tax	\$ 219,243	\$ 218,380	\$ 218,380	\$ 863
Other City Taxes	709	308	308	401
Licenses and Permits	1,347	1,225	1,225	122
Intergovernmental Revenue	256,966	35,800	35,800	221,166
Charges for Services	261,268	275,000	275,000	(13,732)
Interest	8,598	600	600	7,998
Payment in Lieu of Taxes	69,544			69,544
Miscellaneous	31,949	14,340	14,340	17,609
Total Revenue	<u>849,624</u>	<u>545,653</u>	<u>545,653</u>	<u>303,971</u>
<b>Disbursements:</b>				
Operating:				
Public Safety	347,813	299,073	299,073	48,740
Public Works	446,371	194,347	194,347	252,024
Culture and Recreation	220,965	214,141	214,141	6,824
Community and Economic Development	60,560			60,560
General Government	100,900	44,410	44,410	56,490
Total Disbursements	<u>1,176,609</u>	<u>751,971</u>	<u>751,971</u>	<u>424,638</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(326,985)</u>	<u>(206,318)</u>	<u>(206,318)</u>	<u>(120,667)</u>
<b>Other Financing Sources (Uses)</b>				
Interfund Transfers In	154,582	126,000	126,000	28,582
Interfund Transfers Out				
Total Other Financing Sources (Uses)	<u>154,582</u>	<u>126,000</u>	<u>126,000</u>	<u>28,582</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>(172,403)</u>	<u>(80,318)</u>	<u>(80,318)</u>	<u>(92,085)</u>
Cash Balances (Deficit) - Beginning of Year	<u>(511,148)</u>			<u>(511,148)</u>
Cash Balances (Deficit) - End of Year	<u>\$ (683,551)</u>	<u>\$ (80,318)</u>	<u>\$ (80,318)</u>	<u>\$ (603,233)</u>

See Accompanying Independent Auditors' Report

Tax Increment Financing Fund	Budgeted Amounts Original	Final To Net Variance	Road Use Tax Fund	Budgeted Amounts Original	Final To Net Variance	Local Option Sales Tax Fund	Budgeted Amounts Original	Final To Net Variance
\$ 17,498	26,542	\$ (9,044)				\$ 65,601	\$ 43,000	\$ 22,601
			\$ 112,689	\$ 110,123	\$ 2,566			
8,765	8,765							
26,263	26,542	(279)	112,689	110,123	2,566	65,601	43,000	22,601
			114,227	108,000	6,227			
3,600	-	3,600						
3,600	-	3,600	114,227	108,000	6,227	-	-	-
22,663	26,542	(3,879)	(1,538)	2,123	(3,661)	65,601	43,000	22,601
-	(26,542)	26,542			-	(39,361)	(73,500)	34,139
-	(26,542)	26,542	-	-	-	(39,361)	(73,500)	34,139
22,863	-	22,863	(1,538)	2,123	(3,661)	26,240	(30,500)	56,740
(35,383)	(28,399)	(6,984)	(31,948)	(34,000)	2,052	311,379	310,000	1,379
\$ (12,720)	\$ (28,399)	\$ 15,679	\$ (33,486)	\$ (31,877)	\$ (1,609)	\$ 337,619	\$ 279,500	\$ 58,119

Continued

CITY OF MAPLETON, IOWA  
 BUDGETARY COMPARISON SCHEDULE  
 OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -  
 BUDGET AND ACTUAL (CASH BASIS) - GENERAL FUND AND ALL MAJOR SPECIAL REVENUE FUNDS  
 REQUIRED SUPPLEMENTARY INFORMATION - (Continued)  
 YEAR ENDED JUNE 30, 2007

	Employee Benefit Fund	Budgeted Amounts Original	Final To Net Variance
<b>Receipts:</b>			
Property Tax	\$ 27,975	\$ 27,461	\$ 514
Other City Taxes	86	39	47
Licenses and Permits			
Intergovernmental Revenue			
Charges for Services			
Interest			
Payment in Lieu of Taxes			
Miscellaneous			
Total Revenue	<u>28,061</u>	<u>27,500</u>	<u>561</u>
<b>Disbursements:</b>			
Operating:			
Public Safety			
Public Works			
Culture and Recreation			
Community and Economic Development			
General Government			
Total Disbursements	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>28,061</u>	<u>27,500</u>	<u>561</u>
<b>Other Financing Sources (Uses)</b>			
Interfund Transfers In	(28,061)	(27,500)	(561)
Interfund Transfers Out			
Total Other Financing Sources (Uses)	<u>\$ (28,061)</u>	<u>\$ (27,500)</u>	<u>\$ (561)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>
Cash Balances (Deficit) - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Cash Balances (Deficit) - End of Year	<u>-</u>	<u>-</u>	<u>-</u>

**CITY OF MAPLETON, IOWA**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2007**

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In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon 10 major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects funds, and proprietary funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund.

During the year ended June 30, 2007, disbursements exceeded the amount budgeted in Public Safety, Public Works, Culture and Recreation, Community and Economic Development, General Government, and the Business Type Activities.

SUPPLEMENTAL INFORMATION

**CITY OF MAPLETON, IOWA  
SCHEDULE OF INDEBTEDNESS  
FOR THE YEAR ENDED JUNE 30, 2007**

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Balance Beginning of Year</u>	<u>Issued During Year</u>
Tax Increment Financing (TIF) Revenue Bonds	August 15, 2000	6.23%	\$ 200,000	\$ 110,000	
Iowa Finance Authority (Sewer Revenue Capital Note)	November 21, 2006	3.00%	312,000		\$ 312,000
			<u>\$ 512,000</u>	<u>\$ 110,000</u>	<u>\$ 312,000</u>
Total					

See Accompanying Independent Auditors' Report

**Schedule 1**

<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ 20,000	\$ 90,000	\$ 6,532	\$ -
12,000	300,000	4,893	-
<u>\$ 32,000</u>	<u>\$ 390,000</u>	<u>\$ 11,425</u>	<u>\$ -</u>

**CITY OF MAPLETON, IOWA  
BOND AND NOTE MATURITIES  
FOR THE YEAR ENDED JUNE 30, 2007**

Year Ending June 30,	Tax Increment Financing (TIF) Capital Notes		Revenue Notes Iowa Finance Authority Capital Notes	
	Swimming Pool Improvement Issued August 15, 2000		Sewer Issued November 21, 2006	
	Interest Rates	Amount	Interest Rates	Amount
2008	6.23%	\$ 20,000	3.00%	\$ 12,000
2009	6.23%	20,000	3.00%	12,000
2010	6.23%	20,000	3.00%	13,000
2011	6.23%	20,000	3.00%	13,000
2012	6.23%	10,000	3.00%	13,000
2013			3.00%	14,000
2014			3.00%	14,000
2015			3.00%	15,000
2016			3.00%	15,000
2017			3.00%	16,000
2018			3.00%	16,000
2019			3.00%	16,000
2020			3.00%	17,000
2021			3.00%	18,000
2022			3.00%	18,000
2023			3.00%	19,000
2024			3.00%	19,000
2025			3.00%	20,000
2026			3.00%	20,000
Total		<u>\$ 90,000</u>		<u>\$ 300,000</u>

See Accompanying Independent Auditors' Report



## CITY OF MAPLETON, IOWA

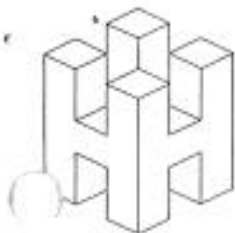
## COMPARISON OF TAXES AND INTERGOVERNMENTAL REVENUES

	For The Years Ended June 30,			
	2007	2006	2005	2004
Property Tax	\$ 272,775	\$ 309,139	\$ 313,654	\$ 128,748
Tax Increment Financing Collections	17,498	18,330	6,991	375,849
Other City Taxes:				
Mobile Home Tax	501	679	716	824
Utility Tax	375	372	423	332
Local Option Sales Tax	65,601	71,224	68,734	71,591
	<u>66,477</u>	<u>72,275</u>	<u>69,873</u>	<u>72,747</u>
Intergovernmental:				
State Allocations	2,325	2,340	1,950	1,950
Bank Franchise Fees	-	-	5,012	14,885
Federal Grants	236,033	212,322	-	-
Cops Grant	1,435	2,315	-	1,940
Road Use Tax	110,182	110,685	109,919	110,106
Library Service	6,622	6,588	7,216	9,305
Township Contributions	13,028	13,961	6,511	20,330
Other State Grants	30	-	2,000	1,000
	<u>369,655</u>	<u>348,211</u>	<u>132,808</u>	<u>159,516</u>
Total	<u>\$ 726,405</u>	<u>\$ 747,955</u>	<u>\$ 523,126</u>	<u>\$ 736,860</u>

**CITY OF MAPLETON, IOWA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>CFDA #</u>	<u>Federal Expenses</u>
Department of Justice		
Public Safety Partnership and Community Policing Grant (COPS)	16.710	\$ 1,435
Bulletproof Vest Partnership Program Fire Dept	16.607	673
Department of Interior		
National Fire Plan-Rural Fire Assistance	15.242	1,075
Department of Transportation		
Airport Improvement Program	20.106	257,428
Environmental Protection Agency		
Capitalization Grants for Clean Water State Revolving Funds	66.458	237,678
Department of Homeland Security		
Public Assistance Grant	97.036	2,507
		<u>\$ 500,796</u>

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Mapleton and is presented in conformity with an other comprehensive basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.



HENJES, CONNER &  
WILLIAMS, P.C.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and  
Members of the City Council  
City of Mapleton, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, and each individual fund of the CITY OF MAPLETON, IOWA, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated May 23, 2008. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Mapleton's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Mapleton's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Mapleton's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency and a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Mapleton's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Mapleton's financial statements that is more than inconsequential will not be prevented or detected by the City of Mapleton's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Mapleton's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not consider the significant deficiency described above to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mapleton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2007, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

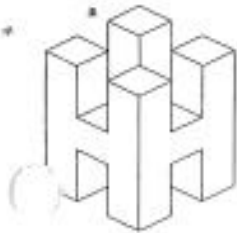
The City of Mapleton's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Mapleton's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Mapleton and other parties to whom the City of Mapleton may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Mapleton during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Henjcs, Conner & Williams, P.C.*  
Certified Public Accountants

Sioux City, Iowa  
May 23, 2008



HENJES, CONNER &  
WILLIAMS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mayor and  
Members of the City Council  
City of Mapleton, Iowa

We have audited the compliance of the CITY OF MAPLETON, IOWA, with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2007. The City of Mapleton's major federal program is identified in Part I of the accompanying schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the City of Mapleton's management. Our responsibility is to express an opinion on the City of Mapleton's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards, and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Mapleton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Mapleton's compliance with those requirements.

In our opinion, the City of Mapleton complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.



### Internal Control Over Compliance

The management of the City of Mapleton is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City of Mapleton's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Mapleton's internal control over compliance.

A control deficiency in the City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the City's ability to administer a federal program such that there is more than a remote likelihood non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Mapleton and other parties to whom the City of Mapleton may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Henrys, Conner & Williams, P.C.*  
Certified Public Accountants

Sioux City, Iowa  
May 23, 2008

CITY OF MAPLETON, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2007

Part I: Summary of the Independent Auditors' Results

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements and is considered a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) The audit did not identify any significant deficiencies in internal control over the major program.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 20.106 - Airport Improvement Program.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Mapleton did not qualify as a low-risk auditee.



CITY OF MAPLETON, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2007

Part II: Findings Related to the Financial Statements

SIGNIFICANT DEFICIENCY

II-A-07 Segregation of Duties - One important aspect of internal control is the segregation of duties which are incompatible. Several incompatible accounting functions regarding cash receipts are handled by the same employee.

Recommendation - We realize segregation of duties is difficult with a limited number of office employees and we commend the City on the cross-training it has performed. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will consider this.

Conclusion - Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

INSTANCES OF NONCOMPLIANCE

No matters were reported.

CITY OF MAPLETON, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2007

Part III: Findings and Questioned Costs for Federal Awards

None reported.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2007

Part IV: Other Findings Related to Required Statutory Reporting

IV-A-07 Certified Budget - Disbursements during the year ended June 30, 2007, exceeded the amounts budgeted in the public safety, public works, culture and recreation, community and economic development, general government and business type activities functions. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation".

Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The budget will be amended in the future, if applicable.

Conclusion - Response accepted.

IV-B-07 Questionable Disbursements - No disbursements that did not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979, were noted.

IV-C-07 Travel Expense - Two of seven travel and training disbursements tested were found to have been paid without an invoice or other formal documentation.

Recommendation - Formal documentation, preferably an original invoice or receipt, should be required before any disbursement is approved.

Response - We will comply with this recommendation.

Conclusion - Response accepted.

IV-D-07 Business Transactions - No significant business transactions between the City and City officials or employees were noted.

IV-E-07 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

IV-F-07 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

CITY OF MAPLETON, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2007

Part IV: Other Findings Related to Required Statutory Reporting (Cont.)

IV-G-07 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

IV-H-07 Financial Condition - The General, Tax Increment Financing, and Road Use Tax funds had deficit balances at June 30, 2007.

Recommendation - The City should investigate alternatives to eliminate these deficits in order to return the funds to a sound financial position.

Response - The deficits will be eliminated from future property and road use property tax receipts.

Conclusion - Response accepted.

IV-I-07 Publication of Salaries - The City failed to publish gross yearly salaries of its employees in a timely manner.

Recommendation - The City should establish a schedule for publishing at the end of either its fiscal year or the calendar year and follow it carefully.

Response - We will publish future salary information in a timely manner.

Conclusion - Response accepted.